

**First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 23-0918.01 Nicole Myers x4326

HOUSE BILL 23-1247

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SENATE SPONSORSHIP

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House Committees

Energy & Environment
Appropriations

Senate Committees

Transportation & Energy
Appropriations

A BILL FOR AN ACT

101 **CONCERNING A REQUIREMENT THAT THE COLORADO ENERGY OFFICE**
102 **CONDUCT STUDIES TO ASSESS ADVANCED ENERGY SOLUTIONS IN**
103 **RURAL COLORADO, AND, IN CONNECTION THEREWITH, MAKING**
104 **AN APPROPRIATION.**

Bill Summary

(Note: 'This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill requires the director of the Colorado energy office or the director's designee (director) to conduct studies to assess the use of advanced energy solutions in rural Colorado. One study must consider

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

SENATE
2nd Reading Unamended
May 2, 2023

HOUSE
3rd Reading Unamended
April 21, 2023

HOUSE
Amended 2nd Reading
April 19, 2023

ways to assist northwestern and west end of Montrose county Colorado as it transitions to producing advanced firm dispatchable energy resources. The other study must consider the potential for the development of new energy resources in southeastern Colorado. The bill specifies information that the director is required to consider in both studies.

On or before July 1, 2025, the director is required to submit the director's findings and conclusions of both studies to the legislative committees with jurisdiction over energy matters.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 24-38.5-119 as
3 follows:

4 **24-38.5-119. Assessment of advanced energy solutions in rural**
5 **Colorado - northwestern and west end of Montrose county Colorado**
6 **study - southeastern Colorado study - report - legislative declaration**
7 **- definitions - repeal.** (1) (a) THE GENERAL ASSEMBLY HEREBY FINDS
8 AND DECLARES THAT:

9 (I) COLORADO IS UNDERGOING AN ENERGY TRANSITION;

10 (II) COLORADO'S ENERGY ECONOMY HAS TRADITIONALLY
11 SUPPORTED GOOD-PAYING JOBS AND LOCAL COMMUNITIES, AND THE
12 STUDY OF RELIABLE AND AFFORDABLE ENERGY TECHNOLOGIES,
13 INCLUDING GAS GENERATION WITH CARBON CAPTURE AND STORAGE,
14 GEOTHERMAL, CLEAN HYDROGEN, ADVANCED NUCLEAR, WIND, SOLAR
15 COUPLED WITH STORAGE, LONG DURATION STORAGE, AND TRANSMISSION,
16 IS NECESSARY TO HELP SUPPORT THE DEVELOPMENT OF RURAL ECONOMIES
17 AND TO CREATE JOBS; AND

18 (III) IN ADDITION, FIRM ENERGY RESOURCES CAN HELP LOWER
19 LONG-TERM ELECTRICITY COSTS AND IMPROVE SYSTEM RELIABILITY.

20 (b) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT:

1 (I) WHILE THIS IS A STATEWIDE TRANSITION, THE COUNTIES OF
2 MOFFAT, RIO BLANCO, AND ROUTT IN NORTHWEST COLORADO, AND
3 ESPECIALLY THE MUNICIPALITIES OF CRAIG AND HAYDEN, HAVE PLAYED
4 A PARTICULARLY IMPORTANT ROLE AS PRODUCERS OF ELECTRIC ENERGY
5 POWERED BY THE BURNING OF COAL FROM NEARBY MINES AND WILL
6 EXPERIENCE SIGNIFICANT LOSS OF GOOD JOBS AND PROPERTY TAX
7 REVENUE. SIMILARLY, THE WEST END OF THE COUNTY OF MONTROSE IN
8 WESTERN COLORADO, AND ESPECIALLY THE MUNICIPALITIES OF NATURITA
9 AND NUCLA, UNTIL 2019 PLAYED AN IMPORTANT ROLE AS PRODUCERS OF
10 ELECTRIC ENERGY POWERED BY THE BURNING OF COAL FROM A NEARBY
11 MINE AND HAVE ALREADY EXPERIENCED THE LOSS OF GOOD JOBS AND
12 PROPERTY TAX REVENUE AS A THE RESULT OF THIS TRANSITION.

13 (II) AS COLORADO ADVANCES ITS ENERGY TRANSITION, IT IS ALSO
14 CONSIDERING THE EXPANSION OF TRANSMISSION THAT WILL UNLOCK
15 INVESTMENT IN ENERGY SOLUTIONS IN SOUTHEASTERN COLORADO.
16 RECENT CONSIDERATIONS OF THE EXPANSION OF TRANSMISSION IN
17 SOUTHEASTERN COLORADO INCLUDE A PUBLIC UTILITIES COMMISSION
18 DECISION APPROVING AN APPLICATION FOR AN ENERGY COMPANY TO
19 BUILD ITS POWER PATHWAY PROJECT, INCLUDING PROVISIONAL APPROVAL
20 OF A LINE INTO SOUTHEASTERN COLORADO, AND A RECENT AGREEMENT
21 BY ANOTHER ENERGY COMPANY TO STUDY ADDITIONAL TRANSMISSION IN
22 SOUTHEASTERN COLORADO AS PART OF ITS RESOURCE PLANNING.
23 FINALLY, THE OFFICE HAS WORKED WITH A BROAD RANGE OF
24 STAKEHOLDERS TO SUBMIT A CONCEPT PAPER SEEKING FUNDING FROM THE
25 UNITED STATES DEPARTMENT OF ENERGY TO FUND STAKEHOLDER WORK
26 AND STUDIES THAT WOULD, IF FUNDED, STUDY ADDITIONAL TRANSMISSION
27 INTO THE SAN LUIS VALLEY AND SOUTHEASTERN COLORADO AS PART OF

1 A REGIONAL TRANSMISSION PROJECT.

2 (III) DUE TO THE UNIQUE CIRCUMSTANCES IN NORTHWESTERN AND
3 WEST END OF MONTROSE COUNTY COLORADO AND SOUTHEASTERN
4 COLORADO AS DESCRIBED IN THIS SUBSECTION (1)(b), DIRECTING THE
5 COLORADO ENERGY OFFICE TO CONDUCT STUDIES OF ELECTRIC
6 TRANSMISSION AND ADVANCED ENERGY SOLUTIONS TECHNOLOGIES IN
7 NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO AND
8 IN SOUTHEASTERN COLORADO WILL HELP ADDRESS THE NEED FOR FIRM
9 ENERGY GENERATION AND SUPPORT THE DEVELOPMENT OF RURAL
10 ECONOMIES.

11 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
12 REQUIRES:

13 (a) "DIRECTOR" MEANS THE DIRECTOR OF THE OFFICE OR THE
14 DIRECTOR'S DESIGNEE.

15 (b) "OFFICE" MEANS THE COLORADO ENERGY OFFICE CREATED IN
16 SECTION 24-38.5-101.

17 (3) (a) THE DIRECTOR SHALL CONDUCT OR CAUSE TO BE
18 CONDUCTED STUDIES OF ELECTRIC TRANSMISSION AND ADVANCED ENERGY
19 SOLUTIONS TECHNOLOGIES, INCLUDING GEOTHERMAL, CLEAN HYDROGEN,
20 ADVANCED NUCLEAR, WIND AND SOLAR COUPLED WITH STORAGE, AND
21 LONG DURATION STORAGE. ONE STUDY MUST FOCUS ON NORTHWESTERN
22 AND WEST END OF MONTROSE COUNTY COLORADO, AS SPECIFIED IN
23 SUBSECTION (3)(b) OF THIS SECTION, AND ONE STUDY MUST FOCUS ON
24 SOUTHEASTERN COLORADO, AS SPECIFIED IN SUBSECTION (3)(c) OF THIS
25 SECTION.

26 (b) **Northwestern and west end of Montrose county Colorado**
27 **study.** IN THE NORTHWESTERN AND WEST END OF MONTROSE COUNTY

1 COLORADO STUDY, THE DIRECTOR MUST EXAMINE OR CAUSE TO BE
2 EXAMINED A RANGE OF ADVANCED FIRM DISPATCHABLE ENERGY
3 RESOURCES THAT CAN LEVERAGE EXISTING ENERGY INFRASTRUCTURE,
4 INCLUDING EXISTING SUBSTATION AND TRANSMISSION INFRASTRUCTURE,
5 TO ASSESS WHICH ALTERNATIVE FIRM ENERGY RESOURCES,
6 TECHNOLOGIES, OR COMBINATION OF RESOURCES, INCLUDING SKILLED
7 WORKERS FROM THE RETIREMENT OF COAL-FIRED POWER PLANTS, MIGHT
8 BEST PRESERVE OR REPLACE JOBS, PROVIDE NEW TAX REVENUE IN
9 NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO, AND
10 HELP ACHIEVE THE STATE'S ENERGY GOALS. THE OFFICE MUST ALSO
11 ASSESS THE EFFECTS OF THOSE RESOURCES ON ELECTRICITY COSTS AND ON
12 DISPROPORTIONATELY IMPACTED COMMUNITIES. IN ADDITION, THE
13 NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO
14 STUDY MUST EXAMINE THE POTENTIAL FOR GREATER TRANSMISSION AND
15 INTERCONNECTION WITH ENERGY RESOURCES ON THE WESTERN SLOPE OF
16 COLORADO AND THE ISSUES SPECIFIED IN SUBSECTION (4) OF THIS
17 SECTION.

18 (c) **Southeastern Colorado study.** IN THE SOUTHEASTERN
19 COLORADO STUDY, THE DIRECTOR MUST ASSESS OR CAUSE TO BE
20 ASSESSED THE POTENTIAL FOR THE DEVELOPMENT OF NEW ENERGY
21 RESOURCES IN SOUTHEASTERN COLORADO. IN ADDITION TO ASSESSING
22 THE DEVELOPMENT OF WIND, SOLAR, AND STORAGE, THE STUDY MUST
23 ALSO CONSIDER A RANGE OF ADVANCED FIRM DISPATCHABLE ENERGY
24 RESOURCES, INCLUDING RESOURCES THAT MAY USE NEW TRANSMISSION
25 INVESTMENTS TO ASSESS WHICH ALTERNATIVE FIRM ENERGY RESOURCES,
26 TECHNOLOGIES, OR COMBINATIONS OF RESOURCES MIGHT BEST PRESERVE
27 JOBS, PROVIDE NEW TAX REVENUE IN SOUTHEASTERN COLORADO, AND

1 HELP ACHIEVE THE STATE'S ENERGY GOALS. IN ADDITION, THE
2 SOUTHEASTERN COLORADO STUDY MUST EXAMINE THE ISSUES SPECIFIED
3 IN SUBSECTION (4) OF THIS SECTION.

4 (4) THE NORTHWESTERN AND WEST END OF MONTROSE COUNTY
5 COLORADO STUDY AND THE SOUTHEASTERN COLORADO STUDY REQUIRED
6 PURSUANT TO SUBSECTION (3) OF THIS SECTION MUST BOTH INCLUDE AN
7 INVESTIGATION INTO AND AN EVALUATION OF THE FOLLOWING:

8 (a) THE ECONOMICS OF ADVANCED FIRM ENERGY RESOURCES IN
9 THE REGION, INCLUDING:

10 (I) THE ECONOMIC FORECASTS NEEDED TO SUPPORT ADVANCED
11 ENERGY SOLUTIONS GENERATION INTEGRATED WITH OTHER ENERGY
12 SOURCES IN THE REGION;

13 (II) THE TIME FRAME FOR THE DEPLOYMENT OF ADVANCED
14 ENERGY SOLUTIONS GENERATION; ■

15 (III) THE IMPACTS AND RISKS OF ADVANCED ENERGY SOLUTIONS
16 GENERATION TO UTILITY RATEPAYERS AND TO DISPROPORTIONATELY
17 IMPACTED COMMUNITIES; AND

18 (IV) THE INCENTIVES THAT WOULD BE APPROPRIATE OR
19 AVAILABLE TO ENCOURAGE THE DEVELOPMENT OF ADVANCED ENERGY
20 GENERATION IN THE REGION;

21 (b) METHODS TO PROVIDE NEW EMPLOYMENT OPPORTUNITIES FOR
22 HIGHLY SKILLED WORKERS TO ASSIST THE REGION IN THE TRANSITION TO
23 ENERGY SOLUTIONS FOR ELECTRICITY GENERATION, INCLUDING:

24 (I) POTENTIAL JOB OPPORTUNITIES FOR HIGHLY SKILLED WORKERS;

25 (II) THE QUANTITY OF POTENTIAL JOBS FOR HIGHLY SKILLED
26 WORKERS;

27 (III) THE LIKELY COMPENSATION THAT THE JOBS WILL PROVIDE;

1 AND

2 (IV) THE SKILL SETS THAT HIGHLY SKILLED WORKERS WOULD BE
3 REQUIRED TO HAVE TO BE QUALIFIED TO PERFORM THE JOBS;

4 (c) THE ESTIMATED PROPERTY TAX REVENUE THAT WILL RESULT
5 FROM FIRM ENERGY GENERATION IN THE REGION;

6 (d) THE WAYS IN WHICH THE TRANSITION TO NEW ENERGY
7 RESOURCES CAN HELP UTILITY COMPANIES THAT OPERATE IN THE REGION
8 USE EXISTING CAPITAL INVESTMENT IN PLANT AND TRANSMISSION LINES
9 TO ADVANCE FIRM ENERGY GENERATION;

10 (e) THE REGULATORY AND LEGISLATIVE FRAMEWORK THAT IS
11 NECESSARY TO SUPPORT THE TRANSITION TO FIRM POWER GENERATION IN
12 THE REGION, INCLUDING THE USE OF FEDERAL FUNDING TO HELP SUPPORT
13 THE DEVELOPMENT OF NEW ENERGY RESOURCES IN NORTHWESTERN AND
14 WEST END OF MONTROSE COUNTY COLORADO, AND SOUTHEASTERN
15 COLORADO;

16 (f) THE POTENTIAL OPPORTUNITIES TO LEVERAGE FEDERAL TAX
17 CREDITS, GRANTS, AND LOANS, INCLUDING PROGRAMS SPECIFICALLY
18 TARGETED TOWARD ENERGY TRANSITION COMMUNITIES, TO SUPPORT
19 ADVANCED ENERGY SOLUTIONS DEPLOYMENT;

20 (g) THE STEPS THAT SHOULD BE TAKEN IN THE REGION TO
21 ADVANCE THE POSSIBILITY OF GEOTHERMAL, ADVANCED NUCLEAR, CLEAN
22 HYDROGEN, CARBON CAPTURE NATURAL GAS POWER PLANTS, LONG
23 DURATION ENERGY STORAGE, WIND AND SOLAR COUPLED WITH STORAGE,
24 AND OTHER FIRM ENERGY SOURCES AS PART OF THE CARBON FREE GOALS
25 SET BY COLORADO;

26 (h) WHETHER SCALABLE OR DISPATCHABLE ELECTRICITY FROM
27 ADVANCED NUCLEAR AND OTHER FIRM ENERGY GENERATION SOURCES

1 CAN ENSURE THAT THE ELECTRICAL GRID MAKES OPTIMAL USE OF
2 INTERMITTENT RESOURCES;

3 (i) THE COST IMPLICATIONS FOR POTENTIAL TECHNOLOGY
4 PATHWAYS AND THE IMPACTS OF SUCH TECHNOLOGY PATHWAYS ON
5 UTILITY RATEPAYERS; AND

6 (j) ANY OTHER INFORMATION THAT THE DIRECTOR DEEMS
7 NECESSARY.

8 (5) ON OR BEFORE JULY 1, 2025, THE DIRECTOR SHALL SUBMIT THE
9 FINDINGS AND CONCLUSIONS OF THE NORTHWESTERN AND WEST END OF
10 MONTROSE COUNTY COLORADO STUDY AND THE SOUTHEASTERN
11 COLORADO STUDY REQUIRED IN SUBSECTION (3) OF THIS SECTION TO THE
12 HOUSE OF REPRESENTATIVES ENERGY AND ENVIRONMENT COMMITTEE AND
13 THE SENATE TRANSPORTATION AND ENERGY COMMITTEE, OR THEIR
14 SUCCESSOR COMMITTEES AND TO THE JUST TRANSITION OFFICE CREATED
15 IN SECTION 8-83-503 (1). THE FINDINGS AND CONCLUSIONS SUBMITTED
16 MUST INCLUDE ANY RECOMMENDATIONS INCLUDING ADMINISTRATIVE OR
17 LEGISLATIVE ACTION NEEDED TO ASSIST NORTHWESTERN AND WEST END
18 OF MONTROSE COUNTY COLORADO IN THE TRANSITION TO FIRM ENERGY
19 GENERATION SOURCES AND TO ASSIST SOUTHEASTERN COLORADO IN THE
20 DEVELOPMENT OF NEW ENERGY RESOURCES.

21 (6) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2026.

22 **SECTION 2. Appropriation.** (1) For the 2023-24 state fiscal
23 year, \$50,000 is appropriated to the office of the governor for use by the
24 Colorado energy office. This appropriation is from revenue received
25 from the just transition cash fund created in section 8-83-504 (1), C.R.S.,
26 that is appropriated to the department of labor and employment in
27 subsection (1) of section 4 of House Bill 21-1290, and, as amended by

1 section 4 of House Bill 22-1394, is further appropriated through the
2 2023-24 state fiscal year. The appropriation to the Colorado energy office
3 is based on an assumption that the office will require an additional 0.1
4 FTE. To implement this act, the Colorado energy office may use this
5 appropriation for program administration.

6 (2) For the 2023-24 state fiscal year, the general assembly
7 anticipates that the office of the governor will receive \$166,374 in federal
8 funds for the Colorado energy office to implement this act. This figure is
9 subject to the "(I)" notation as defined in the annual general appropriation
10 act for the same fiscal year.

11 **SECTION 3. Act subject to petition - effective date.** This act
12 takes effect at 12:01 a.m. on the day following the expiration of the
13 ninety-day period after final adjournment of the general assembly; except
14 that, if a referendum petition is filed pursuant to section 1 (3) of article V
15 of the state constitution against this act or an item, section, or part of this
16 act within such period, then the act, item, section, or part will not take
17 effect unless approved by the people at the general election to be held in
18 November 2024 and, in such case, will take effect on the date of the
19 official declaration of the vote thereon by the governor.